**THE STATE BANK OF VIETNAM**

**Press release on SBV’s reduction of official interest rates and maximum short-term interest rate for loans in VND by credit institutions**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Since the beginning of 2017, the State Bank of Vietnam has actively implemented several solutions on monetary policy and credit regulations in line with inflation management target in order to stabilize macro economy, support for economic growth at a proper level, while ensuring liquidity of credit institutions and the economy. As a result of combination of conducting synchronous measures set by the Government and relevant ministries, in the first six months of 2017, macro economy was maintained stable, economic growth reached 5.73%, inflation was managed in a slow upward trend, specifically, the inflation increased by 0.2% as compared to end 2016, rose by 2.54% in comparison with the same period of the previous year. For average first six month 2017, it increased by 4.15%. The liquidity of banking system was ensure, money market and foreign exchange remained stable, the State forex reserve continued to increase.

On the basis of practical condition and macroeconomic movement, and to implement guidance of the Government and Prime Minister under the Resolution No.46/NQ-CP dated June 9th 2017 and Directive No.24/CT-TTg on main tasks and solutions to accelerate development of sectors and industries to realize the economic growth objective of 2017, Directive No.26/CT-TTg dated June 06, 2017 on effective conduction of Resolution No.35/QQ-CP dated May 16,2016, SBV Governor issued several documents to reduce interest rates applicable from July 10th 2017, as follows:

(1) Decision No.1424/QĐ-NHNN dated July 7th 2017 on reducing by 0.25 percentage points for official interest rates including annual refinancing rate (from 6.5%p.a to 6.25%p.a), rediscount rate (form 4.5%p.a to 4.25%p.a), overnight electronic interbank rate and rate of loans to offset capital shortage in clearance between the SBV and credit institutions (from 7.5%p.a to 7.25% p.a).

(2) Decision No.1425/QĐ-NHNN dated July 7th 2017 on reducing maximum short-term interest rate for loans in VND provided by credit institutions by 0.5 percentage points applicable to some sectors and industries as stipulated in Circular No.39/2016/TT-NHNN dated December 30, 2016.

Accordingly, maximum short-term interest rate will be reduced from 7% p.a to 6.5% p.a for loans in VND provided by credit institutions to meet the capital demand of agricultural production and rural areas, export and supporting industries, SMEs, and high tech enterprises.

Maximum short-term interest rate will be reduced from 8% p.a to 7.5% p.a for loans in VND provided by People Credit Funds and Micro Finance Institutions to meet the capital demand of agricultural production and rural areas, export and supporting industries, SMEs, and high tech enterprises.

The State Bank of Vietnam

Translated by VMH